

(2) Required to be registered for highway use under the law of the State, District of Columbia, or foreign country in which it is operated or situated. Any highway vehicle which is operated under a dealer's tag, license, or permit is considered to be registered. A highway vehicle is not considered to be "registered" solely because there has been issued a special permit for operation of the vehicle at particular times and under specified conditions. However, a highway vehicle which is required to be registered and which also has been issued a special permit for operation of the vehicle under specified conditions, such as carrying an oversized load, is still considered to be "registered".

(j) *Noncommercial aviation.* The term "noncommercial aviation" means any use of an aircraft, other than in a business of transporting persons or property for compensation or hire by air. The term also includes any use of an aircraft, in a business described in the preceding sentence, which is properly allocable to any transportation exempt from taxes imposed by sections 4261 (transportation of persons) and 4271 (transportation of property) by reason of section 4281 (use of small aircraft on nonestablished lines) or 4282 (transportation of members of affiliated group).

[T.D. 8066, 51 FR 17, Jan. 2, 1986, as amended by T.D. 8609, 60 FR 40081, Aug. 7, 1995]

**§ 48.4041-9 Exemption for farm use.**

(a) *In general.* The tax imposed by section 4041 does not apply to diesel fuel or special motor fuel, or fuel used in noncommercial aviation, sold for use or used on a farm in the United States for farming purposes. The tax applies in the case of diesel fuel delivered into the fuel supply tank of a highway vehicle, or special motor fuel delivered into the fuel supply tank of a motor vehicle or motorboat, even if it is known that the liquid fuel is to be used on a farm for farming purposes. Credit or refund of the tax paid in such case may be claimed as provided by section 6427(c) upon proof that the taxable liquid was used on a farm for farming purposes. A tax-free sale of fuel delivered into the fuel supply tank of an aircraft in noncommercial aviation where such fuel is to be used on

the farm for farming purposes may be made only if the requirements of § 48.4041-11 are met. The terms "used on a farm for farming purposes", and related terms, have the same meaning for purposes of the exemption in section 4041(f) and the regulations in this section as these terms are defined in paragraphs (1), (2), and (3) of section 6420(c) and the regulations contained in § 48.6420-4.

(b) *Application of exemption.* The exemption referred to in paragraph (a) of this section does not apply with respect to diesel fuel or special motor fuel or fuel used in noncommercial aviation sold for use or used for non-farming purposes, or diesel fuel or special motor fuel or fuel used in non-commercial aviation sold for use or used off a farm, regardless of the nature of the use. Thus, if a vehicle, motorboat, or aircraft is used both on a farm and off the farm, or if it is used on a farm both for farming and non-farming purposes, the exemption applies only with respect to that portion of the diesel fuel or special motor fuel or fuel used in noncommercial aviation which is sold for use or used "on a farm for farming purposes". For purposes of this exemption, it is immaterial whether or not a vehicle is registered for highway use. However, the actual use of the vehicle and the place where it is used are material. For example, if a truck used on a farm for farming purposes is also used on the highways (even though in connection with operating the farm), tax applies to that diesel fuel or special motor fuel which is sold for use or used in operating the truck on the highways, since the fuel was used off the farm.

(c) *Termination of exemption.* The exemption referred to in paragraph (a) of this section shall not apply on and after October 1, 1988.

[T.D. 8066, 51 FR 18, Jan. 2, 1986]

**§ 48.4041-10 Exemption for use as supplies for vessels or aircraft.**

(a) *Application of exemption.* The tax imposed by section 4041 does not apply to any fuels which are sold for use or used as supplies for vessels or aircraft within the meaning of section 4221(a)(3) and (d)(3), and § 48.4221-4. In the case of